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Viewing cable 05LIMA2540, TINTAYA MINE: FROM CONCILIATION TO CONFLICT

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- The top box shows each cables unique reference number, when and by whom it originally was sent, and what its initial classification was.
- The middle box contains the header information that is associated with the cable. It includes information about the receiver(s) as well as a general subject.
- The bottom box presents the body of the cable. The opening can contain a more specific subject, references to other cables ([browse by origin](#) to find them) or additional comment. This is followed by the main contents of the cable: a summary, a collection of specific topics and a comment section.

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Reference ID	Created	Released	Classification	Origin
05LIMA2540	2005-06-07 16:28	2011-08-30 01:44	CONFIDENTIAL	Embassy Lima

Appears in these articles:
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This record is a partial extract of the original cable. The full text of the original cable is not available.

C O N F I D E N T I A L SECTION 01 OF 02 LIMA 002540

SIPDIS

E.O. 12958: DECL: 06/03/2015

TAGS: [PGOV](#) [PINS](#) [EAGR](#) [ETRD](#) [CASC](#) [PE](#)

SUBJECT: TINTAYA MINE: FROM CONCILIATION TO CONFLICT

REF: A. LIMA 2335

[B. LIMA 2115](#)

Classified By: ...

id: 34102

date: 6/7/2005 16:28

refid: 05LIMA2540

origin: Embassy Lima

classification: CONFIDENTIAL

destination: 05LIMA2335

header:

This record is a partial extract of the original cable. The full text of the original cable is not available.

----- header ends -----

C O N F I D E N T I A L SECTION 01 OF 02 LIMA 002540

SIPDIS

E.O. 12958: DECL: 06/03/2015

TAGS: [PGOV](#) [PINS](#) [EAGR](#) [ETRD](#) [CASC](#) [PE](#)

SUBJECT: TINTAYA MINE: FROM CONCILIATION TO CONFLICT

REF: A. LIMA 2335

[B. LIMA 2115](#)

Classified By: A/DCM Alexander Margulies, Reason 1.4 (d)

Summary:

[11. \(U\) Problems remain at BHP Billiton's Tintaya Mine in the](#)

wake of the May 23-25 agricultural strike (Ref A). Protesters temporarily occupied part of the mine's facilities on 5/24, demanding that the company revise a September 2003, Oxfam America-brokered agreement with local communities whereby the mining company would provide financial support for development projects (Ref B). Since the takeover, BHP has closed its mine and refuses to negotiate until the security of its facility is guaranteed. The company is compelled to take a hard line, not only to protect its own interests, but also the integrity of its entire negotiating process with the local community. End Summary.

Mine Situation Still Unresolved

12. (U) Though the May 23 agricultural strike was largely wrapped up in two days, two areas of contention remain. Rice farmers in San Martin Province are still not satisfied with concessions offered by the GOP and accepted by their counterparts in other provinces (Septel). And the situation at the Tintaya Mine remains unresolved. Protesters no longer threaten the facility, but BHP Billiton is refusing to reopen their copper mine in the area until, the company says, full security conditions can be re-established.

13. (U) Tintaya Mine in Espinar Province in Puno was the site of a promising experiment in mining company-NGO-local community cooperation. In September 2003, BHP agreed to establish a permanent dialogue roundtable with the Municipality of nearby Espinar and several local community groups to resolve conflicts and promote development. Oxfam America brokered the accord which also created a fund for investing USD 1.5 million/year of the company's mining profits into local development projects (Ref B).

14. (U) On 5/24, coincident with an agricultural strike that hit ten regions, 2000 protesters led by two local groups -- the United Front of the Peasants of Espinar (FUCAE) and the United Front for the Defense of Espinar Province (FUDIE) -- temporarily occupied part of the mine's facilities (Ref A). Both FUCAE and FUDIE had originally participated in the initial talks that led to the September 2003 agreement between BHP and Espinar representatives, but neither signed the final accord. Both groups represent peasants from towns outside the circle of the five communities that are Tintaya Mine's immediate neighbors. The protesters demanded that BHP invest in more community projects in their specific areas and raise its offered support from USD 1.5 million/year to USD 20 million/year. The protesters temporarily called off their action and met with a high level GOP commission led by Vice Minister for Energy and Mines Felipe Quea on 6/2. They have since rejected that Commission as too low ranking and have demanded that the GOP send either President Toledo or Ministerial-level interlocutors to resolve the conflict. (Note: Speaking to local radio on 6/6, Vice Minister of Energy and Mines Romulo Mucho rejected the idea that the GOP would send higher level persons in to negotiate under present conditions. Mucho said that the GOP would not "give in to blackmail" and that all that remained was for the GOP "to apply the law" in the Tintaya case. End Note.) If the GOP does not respond, the protesters have threatened to renew demonstrations on 6/7. In response to the partial takeover of the mine, BHP has closed its facility and has not announced when it will reopen.

15. (C) Oxfam Mining expert Javier Aroca, who helped negotiate the agreement between BHP Billiton and the local communities, described the leaders of the protests as "socialists" and left-wing radicals who were interested in undermining the APRA Mayor of Espinar, who is a signatory to the original agreement. Speaking to Poloff on 6/6, Aroca characterized the protesters' demand for USD 20 million per year as an outrageously high offer designed to start a bargaining process. He did not think that BHP should offer more aid under present conditions. Aroca did hope, however, that BHP would consider making its grant process more flexible and establishing an environmental oversight group, something called for in the original agreement but not yet implemented.

BHP Will NOT/NOT Negotiate

15. (C) A BHP Official told Emboff on 6/2 that the company had no/no interest in dialogue with the protesters and that the Tintaya's mine would remain closed for the foreseeable future. Company officials feel that they have already worked out a dialogue process with the local community and that there is no need to open talks with destructive outsiders who hope to elbow their way to the negotiating table with outrageous demands.

16. (C) While the mine is shut, the official said, BHP plans to continue paying its 1,500 workers for the next 2-3 months, whether the mine reopens or not. The company hopes to encourage the workers to demonstrate in favor of the mine's

re-opening. In fact, the company, this official said, is in a good enough financial position that it does not need to reopen the mine. Surplus stocks are ample and can be sold at a profit. In addition, with the mine closed insurance costs drop. The mine's strategy of mobilizing its supporters may be working. According to press reports, 500 workers and local students who study mining engineering marched through Espinar on 6/5 to express publicly their desire to see the Tintaya Mine put back in operation.

Comment:

17. (C) BHP Billiton has little choice but to play hard ball. The company has proven to be flexible and generous in its willingness to negotiate with local communities, and as a result has been seen as the most community-friendly mining company in Peru. Its agreement with local communities has been held up as a model for other mining companies to follow. The company has many local allies, including municipal authorities, its work force, and local organizations party to the original agreement, who oppose the protesters and support the existing accord.

STRUBLE

=====CABLE ENDS=====